

**Attachment 22-Finance**

a. Below are the assumptions/narrative that outline our budget:

1. The assumption for per pupil was found by new data from the 2010 census. Based off the 5-mile radius of the proposed school location and the 2010 census, 52% of students attend schools in Red Clay School District and 38% of students attend school in Christina School District. We based our assumptions per pupil from the state and local revenues of those districts. We also assumed that 3.5% of the student population will come from Brandywine School District, 3.5% will come from Colonial School District and 3% will come from Appoquinomik School District. Based off Stanton Middle School and Skyline Middle School's special education percentages being just above 13%, we assume that 13% of our student population will be considered special education basic. These percentages assumptions are assigned to our budget projections for revenues.
2. Personnel assumptions are based off the designated education plan of the school and the block scheduling that will be implemented. The number of classroom teachers will be 11, 16, 17 and 17 in years 1-4 respectively. Total cost for classroom teachers was taken from the Red Clay pay scale based off number of years experience and education level. We make the following assumptions for levels of experience and educational level for our teacher pool: (Please see PCC Staff Teaching document).
3. We assume the cost of 1 Special Education Coordinator in years 1-4 based off our assumption of 13% of the students having a need for special education. The school will include these children in the classroom and have coordinator available for individual instruction.
4. Our costs for Principal/Administrative in Year 0 assumes 3 positions:
  - a. Business Manager for 9 months of work (0.75 FTE) with an \$80,000 annual salary
  - b. Principal for 6 months of work (0.5 FTE) with an annual salary of \$90,000
  - c. Assistant Principal for 3 months of work (0.25 FTE) with an annual salary of \$70,000.
5. We assume a 1.85% increase per year in administrative salaries based off the State provided salary sheet per years of experience.
6. We assume 1 clerical person will need to be working 3 months (0.25 FTE) prior to the school opening in Year 0 and allocated funds accordingly with an increase the following years based off the state provided salary sheet per experience level.
7. Custodial (Maintenance Person) will work 6 months (0.5 FTE) in year 0 to prepare the school for opening.

## Attachment 22: Budget Narrative

8. The assumption for substitutes was derived from total classroom teachers that year with the assumption that they will be out an average of 8 days per year with a cost of about \$115 a day.

9. Transportation estimates were derived from using the state revenues estimates sheet. It gives us the transportation subsidy. We're assuming we're spending everything we get from the state for transportation. Based off conversations with Advanced Student Transportation, Jed Desmond of Wilmington Charter and Greg Meece of Newark Charter, our budget shows that we won't spend more than the state allocates for busing.

10. Below are assumptions for curriculum, supplies and materials and professional development by year:

<b>Math Curriculum</b>	\$9,753.64	\$6,653.00	\$3,788.60	\$3,267.00	\$3,267.00
<b>Social Studies Curriculum</b>	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
<b>ELA Curriculum</b>	\$11,994.84	\$12,998.00	\$13,498.00	\$13,498.00	\$13,498.00
<b>Science Curriculum</b>	\$36,361.26	\$20,649.68	\$18,065.56	\$14,700.00	\$14,700.00
<b>Physical Education Curriculum</b>	\$10,000	\$2,500	\$1,500	\$1,500	\$1,500
<b>Supplies and Materials</b>	\$1,500	\$10,000	\$10,000	\$10,000	\$10,000
<b>Professional Development</b>	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

These numbers are based of the attached vendor pricing and the state of Delaware for Social Studies Curriculum.

11. Therapists: We assume that about half the Special Education students will need approximately 7 hours of therapy a year at a cost of \$200/hr.

12. Computers: We are budgeting about \$800 for a computer and printer, and an extra \$300 for a laser printer for the office. Year 0, we've planned on purchasing 14 computers and 1 laser printer for the office. We plan on adding an additional 12 computers and printer in year 1, an additional 6 computers in year 2 and an additional 3 computers in years 3 and 4. The additional monies will go towards maintenance of computers/software.

13. We assume annual insurance cost for the school based off capacity and a quote from Ken Lebo at Pratt Insurance to be \$25,000 a year. (Quote attached in insurance attachment)

14. Our assumption for rent is more concrete. Through early negotiations with Delaware Swim and Fitness, they have given us a total cost of \$1,300,000 over a five-year period to cover total cost of mortgage. With that total cost, we will rent the building

from Delaware Swim and Fitness for the first five years of the charter with no payment in Year 0, \$250,000 in year 1, \$300,000 in year 2, \$350,000 in year 3 and \$400,000 in year 4. These costs will allow us to pay more in years of more student enrollment.

15. Our utilities assumption is based off the current owner's usage and total yearly cost for utilities. Delaware Swim and Fitness gave us their annual costs, and we took the total hours of operation for them per year to assume our total annual cost. We assume lower cost than the current owner because we'll be open fewer hours over the course of the year with the pool being used far less in the summer and the building not operating as early or late each day. Our assumptions for utilities also takes into account new efficiency equipment the current owner just installed that will reduce overall annual expenses.

16. Our telecommunications assumption is based off a quote from Verizon for 4 unlimited phone lines, internet with 5 IP addresses and television service with digital adapters.

17. Our renovation assumption assumes incremental build out per year based off total student enrollment and need for classrooms. Renovations will include putting walls back up, cabling and cosmetics.

18. Our assumption for "Other" included CAM (common area maintenance) and taxes. This assumption is based off the current owner's costs for landscaping, snow removal and taxes.

19. Our assumption for Operations Support is based off of other first year middle school charter application; most notably Newark Charter. We also based the quote off of Ebenezer United Methodist Church due to their similar capacity needs.

20. We've allocated \$25,000 a year for an independent audit by a third party based off dialogue with Jed Desmond of Wilmington Charter and Greg Meece of Newark Charter

21. Cafeteria: We have budgeted \$0 each year for a cafeteria because we will have lunch provided in the homeroom classrooms. We will be offering breakfast and lunch. After multiple conversations with Greg Meece and Chuck Baldwin, we found out that the cost and revenues from the breakfast and lunch break even, and this is reflected in the \$0 cafeteria line item. We'll have a one-time expense for a heating and cooling device for meals that will come from part of the \$300,000 renovation cost that was budgeted for Year 0.

22. Professional Development: We've budgeted \$5,000 for year 1 of new teachers with an additional \$2,500 each year to follow for new teachers and refresher seminars for employees that are retained.

## Attachment 22: Budget Narrative

23. Management Company: fees in Years 1-4 cover IT management and cleaning costs.
24. Classroom Technology: This budget line item covers smart boards in each classroom at \$10,000 each.
25. Technology Plan: This line item covers netbooks, iPads and responders for classroom use.

### b. Anticipated Funding Resources

1. Based off conversations with partnering organizations, corporations, foundations and fundraising experience, the board is positioned to raise \$700,000 from foundation funds and \$200,000 through individual and corporate giving once the charter is approved. The \$200,000 in individual and corporate giving will go toward a "Capital Fund" that will be a fundraising strategy for outfitting of the building. If optimal funds are not obtained, the board will secure a loan through numerous banking options. All extra funds obtained will go towards a Contingency Fund that is put in place to cover any additional expenses in the following years or for classroom technology improvements. The \$200,000 is a part of a fundraising strategy geared towards corporations and individual giving. A fundraising consultant will be hired to run the campaign in accordance with the founding board. The fundraising consultant has over 40 years of fundraising experience. This person won't cost a fee, but payment will be reflect in the amount the individual is able to raise as shown below:
  - first \$100,000: paid 7% of what he brings in
  - next \$100,000: paid 10% of what he brings in
  - after the first \$200,000: paid 12.5% of what he brings in

Grants do not count and will not be reflected in payment. We will also be applying for mission specific grants for nutrition, health/wellness, fitness and more. These anticipated grants are not reflected in the budget because they do not give conditional letters of support, but based off the list of grants below, we think we will be able to raise an additional \$100,000 minimum due to the mission of the school.

After the planning year, we anticipate obtaining further grants for the mission that are not reflected in the budget and raising an additional \$100,000 per year in corporate and individual donations based off our initial Planning Year fundraising strategy. If unable to raise those funds, we have a surplus based off the yearly expenditures and number of students from years 2-4.

From years 1-4, we will obtain funds from the state and local level per pupil, additional fundraising and grants for classroom and mission related activities.

## Attachment 22: Budget Narrative

c. Provide details on how financial, personnel and administrative support will be provided to the charter school and how internal controls will be maintained.

As discussed in previous sections, we will have an active founding board upon approval that will guide support and internal controls through the intellectual capital of the founding board subcommittees: finance/facilities, education, legal and community engagement. After approval, the founding board and designated sub-committees will work on financial, personnel and administrative support. As our start up timeline and budget shows, we will hire the Director of Finance and Operations, Principal, Assistance Principal, clerical person and custodial person for their designated tasks (See attachment 27 for job descriptions of these individuals). The founding board will work closely with these individuals to ensure internal controls are maintained.